



CRISIS MANAGEMENT OF SMALL MICRO FINANCE INSTITUTIONS DURING PANDEMIC PERIOD

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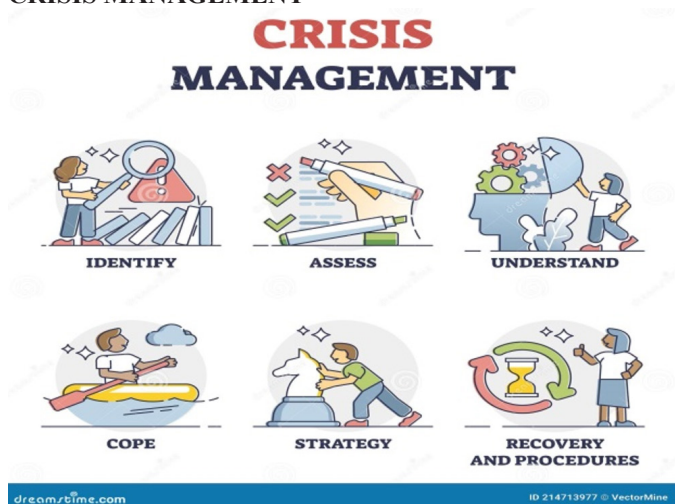
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ABSTRACT

Prior Independence Nears About The Year 1942 The Concept Of Fostering Awareness In The Form Of Development Of Information Related To Scientific Innovations The Process Of Setting Up Of Council Of Scientific And Industrial Research Was Being Set Up And Now It's Being More Than Seventy Years They Were Serving For Nation And Societal Development As Predicted Time By Time SDG Goals Decade Wise.

KEYWORDS: Crisis, Management, COVID, Initiatives by Government of India, Data-Science

CRISIS MANAGEMENT



And Fearlessly.

Backgrounds Of The Study:

Micro-Finance Sector Has Undergone A Major Transition In The Last Decade. Realizing The Relevance, Barefoot Banking Skills And Ability To Profitably Cater The Last Mile Customers Through Joint Liability Group (JLG) Model, Reserve Bank Of India (RBI), Presented An Opportunity To NBFC-MFIS To Upscale To Universal And Small Finance Banks In 2014 – While Bandhan Became A Universal Banking 2014, Eight Other NBFC-MFISs Became Small Finance Bank In 2015 All Were Members Of Microfinance Institutions Network (MFIN).

The Regulatory Framework Developed In 2011 And Then Guidelines Further Modified In 2016 Focussed On NBFC-MFIs Alone, Which Created The Regulatory Arbitrage Among Different Legal Entities Because The Policy Earlier Formulated When NBFC-MFIs Were Almost The Sole Purveyor Of Micro-Finance. But As Ecosystem Changed, The Regulations Covered Only Around 34% Of The Micro-Finance Market As The Rest Was Occupied By Universal Banks, SFBs And NBFCs. There Were Certain Limitations Like Target Household Income Limit, Loan Limits, Indebtedness Level, Pricing Caps Applied Only To NBFC-MFIs. For These Client Faces Issues Like Issue Of Excess Leverage And Field Discipline Came To Fore Where Few Players Of Micro-Finance Sector Were Some Limitations With Voluntary Compliance, A Few Players Remained Out. RBI Governor Informed In January 2021, About The Master Directions Were Released On 14th March, 2022 With The Issue Of Harmonised Guidelines Applicable To All Regulated Entities (All Commercial Banks Including Small Financial Banks, Local Area Banks, And Regional Rural Banks Excluding Payment Banks And All Non-Banking Financial Companies Including Micro-Finance Institutions And Housing Finance Companies).

Research Objectives: The Article Is Importantly Focus Es On The Developmental Matrix In Different Perspectives During Pandemic.

INTRODUCTION

The Target Audience Is Now In Today's Present Situation Is The Poor And Marginalized Communities Because Of Prevalent Disasters, Man-Made Incidents And Natural Resources. The Only Task By Accessing Credit But Also Empower Them Through Various Social Initiatives. The Other Factors Like De-Monetization, Super Cyclone And The Special Aspect Of Covid-19.

This Have An Impact Of Capital Becomes Consumption. To Sustain The Lively-hoods Capital Becomes Consumptions. To Disclose The Mal-Functioning The Government Of India Also Introduced A Special Credit Guarantee Scheme For The MFIs Enabling Banks To Support MFIs Sufficiently And Fearlessly. Indian Investors Including Banks Charge High Rate From The MFIs Which In Turn Affects The Borrowers. Even Nepal, As A Country, Has Allowed Taking Savings From The Borrowers In The Name Of Social Capital.

The Government Of India Also Introduced A Special Scheme For The MFIs Enabling Banks To Support MFIs Sufficiently



Initiatives By Government Of India:

The National Rural Livelihood Mission (Nrlm), Launched On 3rd June 2011 To Provide A Sharper Focus And Momentum For Poverty Reduction As Also For Achieving The Millennium Development Goals (Mdg) By 2015 Was Renamed Deendayal Antayodaya Yojana-National Rural Livelihood Mission (Day-Nrlm) W.E.F. November 2015.

1. Ensure Bank Account For All Adults Special Emphasis On Leftout Woman.
2. Reduce Gender Gap In Access To Financial Services. Build Sensitivity And Remove Bottleneck.
3. Promote Savings In Formal Banking System Special Producer Tailored To Encourage Savings By Women.
4. Institutionalized Grievance Redressal Mechanism Accessible, Responsive Fair Process.
5. Secure Future Through Constitutionary Pensions Working Towards Pensioned Society.
6. Foster Healthy Credit Behaviour; Rationalize Documentation Requirements For Small Credit – Credit Discipline.
7. Encourage Entrepreneurship Special Products And Scheme For Women Entrepreneurs.
8. Boost Digital Transactions Guide, Motivate, Incentives And Innovate.
9. Strengthen Financial Counselling And Banking Centres.

10. Build Financial Resilience Through Insurance Universalize Basic Insurance.
11. Ensure Bank Account For All Adults Special Emphasis On Left-Out Women.

In Every Gram Panchayat Unbiased Advice On Products And Services, One Third Centres Managed By Woman.

A. Establishment Of Centre For Financial Literacy And Service Delivery Were Launched Under Day Nrlm.

B. Centre For Financial Literacy And Service Delivery (Cfa & Sd) To Provide Financial Literacy And Facilitate Delivery Of Financial Services By Means Of Savings, Credit, Insurance, Pensions To The Shg Members And Rural Poor Credit Guarantee Fund For Micro Units (Cgfm).

C. Meeting The Eligibility Criteria Specified Under The Fund And Credit Requirement Does Not Exceed The Specified Limit Under Pmm.

Third Party Guarantee Allowed Between 10 Lakhs To 20 Lakhs Which Was Granted To Self-Help Groups On Or After 1st April 2020 Are Eligible For Coverage Of Shgs Under Day-Nrlm Was Extended During 2022 To 2023 To Cover New Or Existing Micro Units Or Enterprises.

A Recent Report By Credit Information Bureau Crif High Mark Showed That Stress Is Starting To Ease In The Lower Days Past Due (Dpd) Buckets, Suggesting A Return To Normalcy. However The Portfolio At Risk For 180 Plus Days Past Due Has Risen To 9.3% . This Means About Inr 24,500 Crore Of Micro-Finance Loans Have Become Extremely Sticky. The Stress Is Particularly High In Maharashtra And West-Bengal.

Overall Status Of Portfolio, Unique Borrowers And Loan Accounts Up To 31st December, 2021:

Types Of Entity	No. Of Entities	Unique Borrowers (Cr.)	Active Loan Accounts (Cr.)	Portfolio Outstanding (Rs. Cr)
Nbfc-Mfis	86	2.57	3.86	87444
Banks	13	2.77	4.02	103569
Sfbs	8	1.36	1.75	42847
Nbfcs	52	0.71	0.8	19360
Others	33	0.12	0.15	2838
Total	192	5.57	10.58	256058

Data Wise Clusters: Aggregated Pan India Data:

Gross Loan Portfolio (Rs. Cr.)				
31-03-2020	72706	744	4473	67490
31-03-2021	80906	691	4154	76060
31-12-2021	85806	635	4003	81169
31-03-2022	96561	518	3961	92082
% Change From 31-03-2020 To 31-03-2021	11%	(7%)	(7%)	13%
% Change From 31-03-2021 To 31-03-2022	19%	(25%)	(5%)	21%
% Change From 31-12-2021 To 31-03-2022	13%	(18%)	(1%)	13%

Average Glp Loan Officer (Rs. Cr.)				
31-03-2020	1.03	0.44	0.71	1.07
31-03-2021	1.08	0.57	0.63	1.13
31-12-2021	0.99	0.46	0.65	1.02
31-03-2022	1.04	0.39	0.78	1.06
% Change From 31-03-2020 To 31-03-2021	5%	30%	(11%)	(5%)
% Change From 31-03-2021 To 31-03-2022	(4%)	(31%)	24%	(6%)
% Change From 31-12-2021 To 31-03-2022	5%	(15%)	21%	4%

Off Balance Sheet Portfolio (Rs. Cr.)				
31-03-2020	15929	213	1360	14356
31-03-2021	12561	157	1404	11001
31-12-2021	9815	235	1152	8429
31-03-2022	14104	150	1466	12488
% Change From 31-03-2020 To 31-03-2021	(21%)	(26%)	3%	(23%)
% Change From 31-03-2021 To 31-03-2022	12%	(5%)	4%	14%
% Change From 31-12-2021 To 31-03-2022	44%	(36%)	27%	48%

Average Client Per Branch (Rs. Cr.)				
31-03-2020	2249	843	1554	2388
31-03-2021	2136	1083	1309	2274
31-12-2021	1957	1081	1169	2069
31-03-2022	2069	831	1207	2096
% Change From 31-03-2020 To 31-03-2021	(5%)	28%	(16%)	(5%)
% Change From 31-03-2021 To 31-03-2022	(3%)	(23%)	(8%)	(8%)
% Change From 31-12-2021 To 31-03-2022	6%	(23%)	3%	(1%)

Number Of Loans Disbursed (Annual Lakhs)				
Fy 19-20	276	3.1	19	254
Fy 20-21	169	1.2	8	160
Fy 21-22	225	1.4	10	214
% Change In Fy 20-21 Over Fy 19-20 (Yoy)	(39%)	(60%)	(59%)	(37%)
% Change In Fy 21-22 Over Fy 20-21 (Yoy)	34%	15%	28%	34%

Average Glp Per Branch (Rs. Cr.)				
31-03-2020	5.23	1.52	3.17	5.62
31-03-2021	5.57	1.97	2.53	6.07
31-12-2021	5.29	1.73	2.46	5.70
31-03-2022	5.72	1.40	2.64	6.13
% Change From 31-03-2020 To 31-03-2021	7%	29%	(20%)	8%
% Change From 31-03-2021 To 31-03-2022	3%	(29%)	5%	1%
% Change From 31-12-2021 To 31-03-2022	8%	(19%)	7%	8%

Loan Amount Disbursed (Annual, Rs. Cr.)				
Fy 19-20	76322	3.1	19	254
Fy 20-21	57524	1.2	8	160
Fy 21-22	83354	1.4	10	214
% Change In Fy 20-21 Over Fy 19-20 (Yoy)	(25%)	(66%)	(56%)	(22%)
% Change In Fy 21-22 Over Fy 20-21 (Yoy)	45%	15%	36%	45%

Comparative Financial Situation

Total Assets (Rs. Cr.)				
31-03-2020	71873	685	3754	67433
31-03-2021	86837	733	3686	82417
31-12-2021	90360	593	3712	86056
31-03-2022	102643	508	3232	98903
% Change From 31-03-2020 To 31-03-2021	21%	7%	(2%)	(22%)
% Change From 31-03-2021 To 31-03-2022	18%	(31%)	(12%)	(20%)
% Change From 31-12-2021 To 31-03-2022	14%	(14%)	(13%)	(15%)

Staff Performance During The Pandemic

Average Client Per Loan Officer (Rs. Cr.)				
31-03-2020	441	243	350	455
31-03-2021	414	313	328	424
31-12-2021	365	289	307	371
31-03-2022	361	232	358	363
% Change From 31-03-2020 To 31-03-2021	(6%)	29%	(6%)	(7%)
% Change From 31-03-2021 To 31-03-2022	(13%)	(26%)	9%	(15%)
% Change From 31-12-2021 To 31-03-2022	(1%)	(20%)	17%	(2%)

Outstanding Borrowings (Rs. Cr.)				
31-03-2020	52818	448	2835	49535
31-03-2021	63751	477	2426	60847
31-12-2021	66594	366	2638	63590
31-03-2022	76325	288	2380	73658
% Change From 31-03-2020 To 31-03-2021	21%	7%	(14%)	23%
% Change From 31-03-2021 To 31-03-2022	20%	(40%)	(2%)	21%
% Change From 31-12-2021 To 31-03-2022	15%	(21%)	(10%)	16%

Findings Based On A Case Study:

Microfinance Loan Officers Before And During Covid-19: Evidence From India Kristina Czuraa, Florian Englmaierb, Hoa Hoc, Lisa Spantig (World Development 152 (2022) 105812):

The Paper Questions The Continued Use Of Established Performance Indicators In Times Of Crises As Will No Longer Reflect The Performance Appropriately And Hence Become Unsuitable For Incentivizing Effort And Performance. To Actualize The Research 150 Branches Of Mfis In The States Of Uttar Pradesh And Madhya Pradesh, In Which Most Of Its Branches Are Located In Northern India Like Allahabad, Gwalior, Jabalpur, Jaipur, Lucknow, Moradabad, Saharanpur, And Varanasi, And They Are Randomly Selected From All Branches With A Condition That The Respective Branches Should Employ At Least Three Loan Officers And Offer The Standard Group Loan. All 655 Loan Officers Who Were Employed In These Branches Were Invited To Participate In The Study. The Data Collection Was Based On Two Perspectives Vide The First Is Administrative Data From The Lender About The Loan Officers' Performance And The Second Is The Survey Data From Interviewing Loan Officers In Online Questionnaires For The Period October 2019 To December 2020 And Indicate Per Loan Officer And Per Month (I) How Many Borrowers Are Being Handled, (Ii) The Loan Amount Outstanding, (Iii) The Percentage Of Complete Repayments As A Fraction Of Outstanding Repayment (The Collection Percentage), (Iv) The Portfolio At Risk (Par) As The Percentage Of The Gross Loan Portfolio That Is Overdue By More Than 30 Days, And (V) Turnover Of Loan Officers. Apparently, The Main Survey Data Cover Online Questionnaire Modules Distributed To The Concern Loan Officers In December 2019 And January 2020 ("Main Survey 1") And A Year Later In December 2020 And January 2021 ("Main Survey 2") Which Reflects The Detailed Information About Loan Officers' Work And The Work Environment, Such As Tasks And Time Allocation, Work Style, And Subjective Measures Of Effort Irrespective Of Individual Characteristics Such As Reciprocal Preferences, Locus Of Control, And Perception Of Leadership In The Branch Are Elicited At Baseline Along-With The Cognitive Abilities, Financial Literacy, And The Understanding Of The Incentive Structure For Bonus Payments Are Prompted In A Background Survey In May 2020 .

The Administrative Data Suggest That It Would Have Been Impossible To Reach Pre-Covid Performance Thresholds

Required For Bonus Payments. Our Partner Mfi Has Recognized This And Suspended The Usual Bonus Scheme For The Time Of The Pandemic. This Closely Relates To The Point Of Malik Et Al. (2020) That Variable Incentive Structures Based On Pre-Crisis Criteria Can Lead To Worries About Income And Adverse Incentives For Loan Officers Such As Demanding Repayments From Clients Instead Of Informing Them About The Debt Moratorium And For This, Only Around Half Of The Loan Officers Feel Properly Equipped Technically To Complete Their Work, Which Underlines This Concern. In Addition To These Requirements, And Maybe More Fundamentally, Loan Officers Have To Be Able To Reach Their Borrowers Remotely If Face-To Face Interactions Are Not Possible. Several Loan Officers Reported That Borrowers Were Difficult To Reach Via Phone And The Majority Acknowledged That Interactions With Borrowers Have Become More Difficult. This Difficulty May Relate To Loan Officers Concentrating On Fewer Of Their Initial Tasks While Continuing To Work Their Regular Hours. Reaching Borrowers Remotely May Not Only Increase Workloads For Loan Officers But May Also Exacerbate Moral Hazard Problems If Defaulting Borrowers Decide Not To Be Reachable.

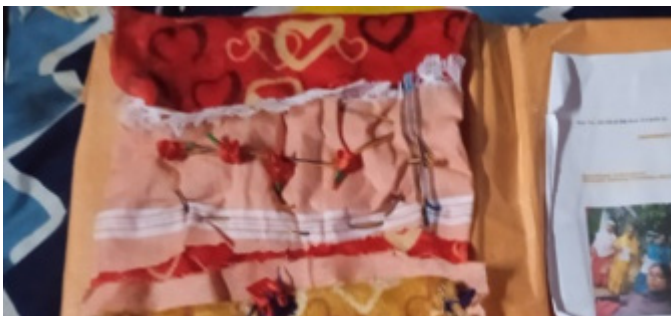
Real-Life Exposures:



1. The above mentioned manufacturing cost of Tea-Shirt with two different colour Woollen Threads namely Orange and Blue along with artificial rose flowers. The Artificial Hairs of two pieces are combined with the help of a woollen thread in bigger and wide aspect to tie up the hair for daily usage and wear and for binding a non-sticky shiny hairband.

Crisis Management: (Personality Development Stage 1)

- A. To make one self-protect from Hair Pollution.
- B. To develop personality of those women who lost their hair in any reason either personal or professional.
- C. Stich Work is the main art for which we are able to earn and develop ourselves like the school of Gandhi Philosophy.
- D. Develop Positivity approach in inner way.
- E. Make useful a garment according to presentable in the eye of Society in new dimensions and fetching attraction over newness with the old one.



2A. Hand-Kerchief of Red One: (Personality Development Stage 2)

Only for expressing warmness with the sweet of flower that can be used for Puja Purpose for maintaining harmony and good vibes and can be used for toddler Childs and pets.



2B. Hand-Kerchief of Yellow-Orange-Skin Colour One: (Personality Development Stage 3)

Expressing Soft Warm with KumKum like Abhishek for daily worshipping any one of your desirable idles to take the hardness accompanied by sweetness of usage of the product.

CONCLUSIONS

On A Conclusion We Can Say That At The Time Of Demonetisation Indian Government Announced The Demonetization For All Rupees 500 And Rupees 1000 Notes With The Newer One Like Changing Colour And Printing

Techniques Without Harming The Actual Constitutional Hereditary Cultural Dimensions. There Were Several Obstacles During 2016 Onwards As Shortage Of Currency; Granularity I.E. The Composition Parts Of Collections Done By MFIs While Placing Withdrawal And Deposits Restrictions, Interruptions In The Supply Chain And Business Operations, Inadequate Repayment Rate, Liquidity Threat Which Creates Hindrances To Obtain New Capital And Access Liquidity. To Limit The Obstacles The Ultimate Goal Is To Adopt Cashless Disbursements Through Digitization Of Loan Collections With The Help Of Data Analytics To Anticipate Portfolio Behaviour. This Had Helped MFIS To Endeavour Risk Models, Customer-Centric Solutions, Interactive Customer Digital Centric Methods Along-With Training Employees' Accordingly Ethical Operations Guidelines. The Government's Digital India Initiative Has Aided in Hastening the Transformation to a Digital Age through the Jan Dhan Adhaar-Mobile Trinity (Jam).

Expression in Indian Currency in Rupees:

Costs	Garments	Hair
1.Garments & Handkerchiefs	600	710
2.Maintenance	200/Yearly	
Total	1510	

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